OLR Bill Analysis

sHB 5756

AN ACT CONCERNING THE STANDARD WAGE AND EMPLOYERS RECEIVING ASSISTANCE FROM STATE ECONOMIC DEVELOPMENT AGENCIES.

SUMMARY:

This bill requires a business to pay certain service workers (those providing food service, building maintenance, and property or equipment services) at least the "standard wage" for their particular occupations if it receives $500,000 or more of financial assistance from the Department of Economic and Community Development (DECD) or Connecticut Innovations, Inc. (CI) within one calendar year. If the business contracts with an independent contractor providing service worker services, the contract between them must require the contractor to pay all of its service worker employees at least the standard wage. The bill's requirements last for 10 years from the date the business receives the financial assistance, although the business can agree to longer terms with DECD or CI. Financial assistance includes all forms of loans, grants, and tax abatements.

Under the standard wage law, private contractors operating in state buildings must pay their service workers a standard wage determined by the labor commissioner for each worker's occupation, including an added amount to cover the cost of any health, welfare, or retirement plans (see BACKGROUND).

The bill requires the labor commissioner to enforce the requirements and establishes a procedure for complaints, investigations, and appeals. The commissioner can require a business to repay the full amount of financial assistance it received if it, or its contractor, failed to (1) pay any of its service workers the standard wage or (2) include the required standard wage provision in a contract to provide service worker services. The commissioner can assess an additional 5%

penalty on the business if it knowingly failed to (1) pay its service workers at least the standard wage or (2) contract for any employee to be paid at least the standard wage.

The bill also allows the labor commissioner to adopt implementing regulations.

EFFECTIVE DATE: January 1, 2014, and applicable to any agreement for financial assistance entered into on or after that date.

ENFORCEMENT

The bill allows an employee who was not paid the required standard wage by a covered business or its independent contractor to file a complaint with the labor commissioner, who must then hold a hearing. Upon receiving the complaint, the bill gives the commissioner, the Wage and Workplace Standards director, and Labor Department wage enforcement agents the same investigatory powers that they have under the standard wage law. They can enter the business or contractor's place of business during usual business hours to examine records and interview employees. They can also call hearings, administer oaths, and take testimony and depositions. The commissioner or director can issue subpoenas for witnesses and records. A business that willfully fails to furnish records, permit entrance, or hinders or delays the investigation can be fined between $25 and $100 per day.

The bill requires the commissioner to issue each party a written decision after the hearing and allows her to award the employee all appropriate relief, including back wages. If the commissioner finds that the business or its independent contractor failed to (1) pay the required standard wage to an employee or (2) include the bill's required standard wage provisions in a contract for service worker services, the commissioner can require the business to repay the full amount of financial assistance it received. The commissioner can require the business to pay an additional penalty of 5% of any financial assistance the business received if she finds that the business knowingly failed to (1) pay an employee the required standard wage or (2) contract for any employee to be paid the standard wage.

BACKGROUND

The Standard Wage

The standard wage law requires private contractors providing food, building, property, or equipment services in state buildings to pay workers providing those services a standard wage determined by the labor commissioner (CGS § 31-57f). In general, the commissioner establishes the standard wage for each job classification by adopting the minimum hourly wages set in the federal "Register of Wage Determinations under the Service Contract Act," plus the prevailing rate of benefits paid to employees in each classification. If there is no prevailing rate of benefits, a 30% surcharge is added to cover the cost of any health, welfare, or retirement plans. An employer must either put an amount equal to the surcharge in a benefit plan or pay it directly to the employee as additional wages.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute
Yea 7 Nay 4 (03/12/2013)